

BOULT  
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& BERRY  
PLC

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May 9, 2000

David Waddell  
Executive Director  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

RE: Amendment to Application of NorthPoint Communications, Inc. for a Certificate of Public Convenience and Necessity to Provide Competing Telecommunications Services in the State of Tennessee ("Application")  
Docket No. 00-00049

Dear Mr. Waddell:

Additional information is being submitted to supplement the Application previously filed. This supplemental information is in response to an information request received from Mr. Darrell Whitis.

Mr. Whitis had questioned some of the projected financial statements previously submitted by NorthPoint. The previous financial statements indeed contained errors, and NorthPoint hereby submits a revised and corrected set of financials. Fourteen (14) copies of the corrected financial statements are enclosed in a separate envelope for filing. **This information is to be filed as confidential information pursuant to TRA Rule 1220-1-1.03(8).**

We trust this information satisfies the data request from Mr. Whitis and we look forward to getting a hearing date scheduled before the Board. If you need any further information regarding this Application, please feel free to contact me at 252-2302.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC



By:  
April A. Ingram

May 9, 2000

Page 2

cc: Jeffrey J. Heins, Esq.

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By:  
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May 9, 2000

Page 2

cc: Jeffrey J. Heins, Esq.



**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00
	-Mo. 6	-Mo. 5	-Mo. 4	-Mo. 3	-Mo. 2	-Mo. 1	Mo. 1	Mo. 2	Mo. 3	Mo. 4	Mo. 5	Mo. 6
Number of Markets	0	0	0	0	0	0	1	2	2	3	3	3
Number of Interconnected Partners	0	0	0	0	0	0	4	6	10	15	15	15
Beginning of Period Installed Lines	0	0	0	0	0	0	0	70	174	267	410	543
New Installed Lines	0	0	0	0	0	0	70	105	116	127	140	154
Churn	0	0	0	0	0	0	0	1	3	4	6	8
End Of Period Installed Lines	0	0	0	0	0	0	70	174	287	410	543	689
Revenue												
Installation	\$0	\$0	\$0	\$0	\$0	\$0	\$11,450	\$21,695	\$23,865	\$26,251	\$28,876	\$31,764
DSL Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$8,830	\$16,830	\$14,799	\$21,145	\$27,902	\$35,104
Interconnection Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$11,045	\$16,844	\$28,542	\$43,528	\$44,697	\$45,898
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$25,702	\$47,369	\$67,205	\$90,924	\$101,475	\$112,766
Network Expense												
Loop Start-up	\$0	\$0	\$0	\$0	\$0	\$0	\$5,750	\$9,125	\$10,038	\$11,041	\$12,145	\$13,360
Inside Wiring & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$8,950	\$15,445	\$16,990	\$18,698	\$20,557	\$22,613
Recurring Loop Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$620	\$1,741	\$2,960	\$4,286	\$5,731	\$7,306
Transport/Interconnection	\$0	\$0	\$0	\$0	\$0	\$0	\$19,141	\$34,239	\$47,257	\$61,989	\$67,482	\$72,906
Cable Rent & Power	\$0	\$0	\$0	\$0	\$0	\$0	\$32,160	\$42,880	\$53,600	\$61,640	\$68,340	\$76,380
Node Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$4,864	\$9,682	\$9,636	\$14,386	\$14,318	\$14,250
Total Network Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$71,485	\$113,112	\$140,480	\$172,031	\$188,573	\$206,815
Gross Margin	\$0	\$0	\$0	\$0	\$0	\$0	(\$45,783)	(\$65,743)	(\$73,274)	(\$81,107)	(\$87,098)	(\$94,050)
Operating Expense by Department												
Provisioning	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000	\$10,500	\$11,550	\$12,705	\$13,976	\$15,373
Field Operations	\$0	\$0	\$0	\$0	\$0	\$0	\$2,400	\$4,800	\$6,000	\$7,200	\$8,400	\$9,600
Billings	\$0	\$0	\$0	\$0	\$0	\$0	\$70	\$174	\$287	\$410	\$543	\$689
Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500	\$5,250	\$5,775	\$6,353	\$6,988	\$7,687
Customer Service	\$0	\$0	\$0	\$0	\$0	\$0	\$105	\$261	\$430	\$614	\$815	\$1,033
Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500	\$5,250	\$5,775	\$6,353	\$6,988	\$7,687
Total Operating Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$16,575	\$26,235	\$29,817	\$33,624	\$37,709	\$42,069
EBITDA	\$0	\$0	\$0	\$0	\$0	\$0	(\$62,358)	(\$91,978)	(\$103,091)	(\$114,741)	(\$124,807)	(\$136,118)
EBITDA %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-243%	-194%	-153%	-126%	-123%	-121%
Other Income/Expense												
Depreciation & Amortization	\$0	\$0	\$0	\$0	\$0	\$0	(\$22,318)	(\$44,788)	(\$54,273)	(\$71,136)	(\$80,716)	(\$85,534)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Income/Expense	\$0	\$0	\$0	\$0	\$0	\$0	(\$22,318)	(\$44,788)	(\$54,273)	(\$71,136)	(\$80,716)	(\$85,534)
Net Income	\$0	\$0	\$0	\$0	\$0	\$0	(\$64,677)	(\$136,766)	(\$157,364)	(\$185,877)	(\$205,524)	(\$221,652)
Capital Expenditure												
Base CO Deployment	\$0	\$0	\$0	\$0	\$0	\$0	\$683,238	\$683,238	\$341,619	\$341,619	\$341,619	\$341,619
Nodes	\$0	\$0	\$0	\$0	\$0	\$0	\$440,000	\$440,000	\$0	\$440,000	\$0	\$0
Success Based Capex	\$0	\$0	\$0	\$0	\$0	\$0	\$15,860	\$24,950	\$27,445	\$30,190	\$33,208	\$36,529
IT Systems & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$1,339,098	\$1,348,188	\$569,064	\$1,011,809	\$574,827	\$578,148
Net Cash Flow From Operations, CAPX	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,401,456)	(\$1,440,166)	(\$672,155)	(\$1,126,549)	(\$699,635)	(\$714,267)
Cumulative Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,401,456)	(\$2,841,622)	(\$3,513,778)	(\$4,640,327)	(\$5,339,962)	(\$6,054,228)



**NorthPoint  
Tennessee Application for CPCN  
Income Statement**

	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
	Mo. 7	Mo. 8	Mo. 9	Mo. 10	Mo. 11	Mo. 12	Mo. 13	Mo. 14	Mo. 15	Mo. 16	Mo. 17	Mo. 18
Number of Markets	3	3	4	4	4	4	4	4	4	4	4	4
Number of Interconnected Partners	15	16	16	16	16	16	16	17	17	17	17	17
Beginning of Period Installed Lines	689	847	1,012	1,185	1,365	1,555	1,754	1,965	2,188	2,425	2,678	2,947
New Installed Lines	169	177	187	187	210	223	237	253	270	289	310	333
Churn	10	12	15	17	20	23	26	29	33	36	40	45
End Of Period Installed Lines	847	1,012	1,185	1,365	1,555	1,754	1,965	2,188	2,425	2,678	2,947	3,236
<b>Revenue</b>												
Installation	\$34,769	\$35,646	\$36,611	\$37,672	\$38,839	\$40,123	\$41,535	\$43,089	\$44,798	\$46,677	\$48,745	\$51,020
DSL Revenue	\$42,880	\$50,664	\$60,227	\$68,984	\$77,973	\$87,242	\$96,811	\$106,722	\$117,018	\$127,744	\$138,953	\$150,698
Interconnection Revenue	\$47,131	\$48,398	\$49,698	\$51,033	\$52,404	\$53,812	\$55,258	\$56,743	\$58,267	\$59,832	\$61,440	\$63,091
<b>Total Revenue</b>	<b>\$124,780</b>	<b>\$134,692</b>	<b>\$146,535</b>	<b>\$157,689</b>	<b>\$169,221</b>	<b>\$181,177</b>	<b>\$193,604</b>	<b>\$206,553</b>	<b>\$220,082</b>	<b>\$234,254</b>	<b>\$249,138</b>	<b>\$264,808</b>
<b>Network Expense</b>												
Loop Start-up	\$14,643	\$15,308	\$16,038	\$16,842	\$17,727	\$18,699	\$19,769	\$20,946	\$22,241	\$23,665	\$25,231	\$26,954
Inside Wiring & Testing	\$24,769	\$25,646	\$26,611	\$27,672	\$28,839	\$30,123	\$31,535	\$33,089	\$34,798	\$36,677	\$38,745	\$41,020
Recurring Loop Cost	\$9,017	\$10,757	\$12,532	\$14,347	\$16,207	\$18,119	\$20,089	\$22,125	\$24,236	\$26,429	\$28,717	\$31,108
Transport/Interconnection	\$84,320	\$90,172	\$96,027	\$101,885	\$104,035	\$104,333	\$104,635	\$104,939	\$105,246	\$105,557	\$105,870	\$106,187
Collo Rent & Power	\$84,420	\$88,440	\$95,140	\$103,180	\$107,200	\$107,200	\$107,200	\$107,200	\$107,200	\$107,200	\$107,200	\$107,200
Node Fees	\$14,253	\$14,256	\$19,012	\$19,016	\$19,020	\$19,024	\$19,028	\$19,032	\$19,036	\$19,040	\$19,044	\$19,048
<b>Total Network Expenses</b>	<b>\$231,423</b>	<b>\$244,580</b>	<b>\$265,361</b>	<b>\$282,942</b>	<b>\$293,028</b>	<b>\$297,488</b>	<b>\$302,256</b>	<b>\$307,331</b>	<b>\$312,756</b>	<b>\$318,568</b>	<b>\$324,807</b>	<b>\$331,517</b>
<b>Gross Margin</b>	<b>(\$106,643)</b>	<b>(\$109,888)</b>	<b>(\$118,825)</b>	<b>(\$125,253)</b>	<b>(\$123,806)</b>	<b>(\$116,321)</b>	<b>(\$108,652)</b>	<b>(\$100,778)</b>	<b>(\$92,674)</b>	<b>(\$84,314)</b>	<b>(\$75,670)</b>	<b>(\$66,709)</b>
<b>Operating Expense by Department</b>												
Provisioning	\$16,858	\$17,744	\$18,718	\$19,790	\$20,969	\$22,266	\$23,692	\$25,261	\$26,987	\$28,886	\$30,975	\$33,272
Field Operations	\$12,000	\$13,200	\$14,400	\$15,600	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Billings	\$847	\$1,012	\$1,185	\$1,365	\$1,555	\$1,754	\$1,965	\$2,188	\$2,425	\$2,678	\$2,947	\$3,236
Sales	\$8,429	\$9,359	\$9,895	\$10,484	\$10,484	\$11,133	\$11,846	\$12,631	\$13,494	\$14,443	\$15,487	\$16,636
Customer Service	\$1,271	\$1,519	\$1,777	\$2,048	\$2,332	\$2,631	\$2,947	\$3,282	\$3,638	\$4,017	\$4,421	\$4,853
Marketing	\$8,429	\$8,872	\$9,359	\$9,895	\$10,484	\$11,133	\$11,846	\$12,631	\$13,494	\$14,443	\$15,487	\$16,636
<b>Total Operating Expense</b>	<b>\$47,834</b>	<b>\$51,218</b>	<b>\$54,797</b>	<b>\$58,592</b>	<b>\$61,824</b>	<b>\$64,917</b>	<b>\$68,297</b>	<b>\$71,994</b>	<b>\$76,039</b>	<b>\$80,467</b>	<b>\$85,318</b>	<b>\$90,634</b>
<b>EBITDA</b>	<b>(\$154,477)</b>	<b>(\$161,106)</b>	<b>(\$173,623)</b>	<b>(\$183,845)</b>	<b>(\$185,630)</b>	<b>(\$181,237)</b>	<b>(\$176,949)</b>	<b>(\$172,771)</b>	<b>(\$168,713)</b>	<b>(\$164,781)</b>	<b>(\$160,988)</b>	<b>(\$157,342)</b>
<b>EBITDA %</b>	<b>-124%</b>	<b>-120%</b>	<b>-118%</b>	<b>-117%</b>	<b>-110%</b>	<b>-100%</b>	<b>-91%</b>	<b>-84%</b>	<b>-77%</b>	<b>-70%</b>	<b>-65%</b>	<b>-59%</b>
<b>Other Income/Expense</b>												
Depreciation & Amortization	(\$101,362)	(\$101,009)	(\$124,311)	(\$121,986)	(\$120,337)	(\$119,212)	(\$120,139)	(\$121,336)	(\$122,600)	(\$123,938)	(\$125,357)	(\$126,867)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Income/Expense</b>	<b>(\$101,362)</b>	<b>(\$101,009)</b>	<b>(\$124,311)</b>	<b>(\$121,986)</b>	<b>(\$120,337)</b>	<b>(\$119,212)</b>	<b>(\$120,139)</b>	<b>(\$121,336)</b>	<b>(\$122,600)</b>	<b>(\$123,938)</b>	<b>(\$125,357)</b>	<b>(\$126,867)</b>
<b>Net Income</b>	<b>(\$255,839)</b>	<b>(\$262,115)</b>	<b>(\$297,934)</b>	<b>(\$305,833)</b>	<b>(\$305,967)</b>	<b>(\$300,449)</b>	<b>(\$297,088)</b>	<b>(\$294,107)</b>	<b>(\$291,312)</b>	<b>(\$288,719)</b>	<b>(\$286,345)</b>	<b>(\$284,209)</b>
<b>Capital Expenditure</b>												
Base CO Deployment	\$683,238	\$341,619	\$341,619	\$341,619	\$113,873	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nodes	\$0	\$0	\$440,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Success Based Capex	\$40,041	\$41,902	\$43,948	\$46,198	\$48,674	\$51,398	\$54,393	\$57,689	\$61,314	\$65,301	\$69,667	\$74,512
IT Systems & Engineering	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total Capital Expenditure</b>	<b>\$743,279</b>	<b>\$403,521</b>	<b>\$845,567</b>	<b>\$407,817</b>	<b>\$182,547</b>	<b>\$71,398</b>	<b>\$64,393</b>	<b>\$67,689</b>	<b>\$71,314</b>	<b>\$75,301</b>	<b>\$79,667</b>	<b>\$84,512</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>(\$897,756)</b>	<b>(\$564,626)</b>	<b>(\$1,019,189)</b>	<b>(\$591,663)</b>	<b>(\$368,177)</b>	<b>(\$252,635)</b>	<b>(\$241,342)</b>	<b>(\$240,460)</b>	<b>(\$240,026)</b>	<b>(\$240,083)</b>	<b>(\$240,675)</b>	<b>(\$241,854)</b>
<b>Cumulative Cash Flow</b>	<b>(\$6,951,985)</b>	<b>(\$7,516,611)</b>	<b>(\$8,535,801)</b>	<b>(\$9,127,463)</b>	<b>(\$9,495,641)</b>	<b>(\$9,748,276)</b>	<b>(\$9,989,618)</b>	<b>(\$10,230,079)</b>	<b>(\$10,470,105)</b>	<b>(\$10,710,187)</b>	<b>(\$10,950,862)</b>	<b>(\$11,192,776)</b>



**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
	Mo. 19	Mo. 20	Mo. 21	Mo. 22	Mo. 23	Mo. 24	Mo. 25	Mo. 26	Mo. 27	Mo. 28	Mo. 29	Mo. 30
Number of Markets	4	4	4	4	4	4	4	4	4	4	4	4
Number of Interconnected Partners	17	18	18	18	18	18	18	19	19	19	19	19
Beginning of Period Installed Lines	3,236	3,545	3,876	4,234	4,619	5,035	5,485	5,972	6,501	7,076	7,700	8,360
New Installed Lines	358	386	416	450	487	528	572	622	676	735	780	830
Churn	49	54	59	65	71	78	85	93	101	111	121	132
End Of Period Installed Lines	3,545	3,876	4,234	4,619	5,035	5,485	5,972	6,501	7,076	7,700	8,360	9,008
<b>Revenue</b>												
Installation	\$48,169	\$50,646	\$53,371	\$56,368	\$59,665	\$63,291	\$67,281	\$71,669	\$76,495	\$81,805	\$86,770	\$85,770
DSL Revenue	\$163,041	\$176,050	\$189,798	\$204,366	\$219,843	\$236,327	\$255,925	\$272,756	\$292,949	\$314,648	\$337,365	\$359,722
Interconnection Revenue	\$58,307	\$59,874	\$61,482	\$63,134	\$64,830	\$66,590	\$68,549	\$67,215	\$67,887	\$68,566	\$69,251	\$69,944
<b>Total Revenue</b>	<b>\$269,518</b>	<b>\$286,570</b>	<b>\$304,651</b>	<b>\$323,868</b>	<b>\$344,338</b>	<b>\$366,509</b>	<b>\$387,755</b>	<b>\$411,639</b>	<b>\$437,332</b>	<b>\$465,019</b>	<b>\$492,387</b>	<b>\$515,435</b>
<b>Network Expense</b>												
Loop Start-up	\$25,965	\$27,841	\$29,905	\$32,176	\$34,673	\$37,421	\$40,443	\$43,767	\$47,424	\$51,446	\$54,450	\$54,450
Inside Wiring & Testing	\$39,169	\$41,646	\$44,371	\$47,368	\$50,665	\$54,291	\$58,281	\$62,669	\$67,495	\$72,805	\$76,770	\$76,770
Recurring Loop Cost	\$30,254	\$32,627	\$35,130	\$37,776	\$40,562	\$43,564	\$46,743	\$50,138	\$53,772	\$57,671	\$61,749	\$65,763
Transport/Interconnection	\$95,856	\$96,147	\$96,441	\$96,737	\$97,037	\$97,339	\$97,645	\$98,265	\$98,988	\$99,219	\$99,898	\$99,219
Collo Rent & Power	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480	\$96,480
Node Fees	\$17,147	\$17,150	\$17,154	\$17,158	\$17,161	\$17,165	\$17,168	\$17,172	\$17,176	\$17,179	\$17,183	\$17,186
<b>Total Network Expenses</b>	<b>\$304,871</b>	<b>\$311,892</b>	<b>\$319,480</b>	<b>\$327,695</b>	<b>\$336,598</b>	<b>\$346,261</b>	<b>\$356,759</b>	<b>\$368,179</b>	<b>\$380,612</b>	<b>\$394,162</b>	<b>\$405,530</b>	<b>\$409,869</b>
<b>Gross Margin</b>	<b>(\$35,353)</b>	<b>(\$25,322)</b>	<b>(\$14,829)</b>	<b>(\$3,826)</b>	<b>\$7,740</b>	<b>\$19,248</b>	<b>\$30,996</b>	<b>\$43,460</b>	<b>\$56,720</b>	<b>\$70,857</b>	<b>\$86,856</b>	<b>\$105,567</b>
<b>Operating Expense by Department</b>												
Provisioning	\$32,220	\$34,722	\$37,474	\$40,501	\$43,831	\$47,494	\$51,524	\$55,956	\$60,832	\$66,195	\$70,200	\$70,200
Field Operations	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400
Billings	\$2,836	\$3,101	\$3,387	\$3,695	\$4,028	\$4,388	\$4,778	\$5,201	\$5,661	\$6,160	\$6,688	\$7,206
Sales	\$16,110	\$17,361	\$18,737	\$20,251	\$21,916	\$23,747	\$25,762	\$27,978	\$30,416	\$33,097	\$35,100	\$35,100
Customer Service	\$4,785	\$5,233	\$5,715	\$6,235	\$6,797	\$7,404	\$8,062	\$8,777	\$9,552	\$10,396	\$11,285	\$12,161
Marketing	\$16,110	\$17,361	\$18,737	\$20,251	\$21,916	\$23,747	\$25,762	\$27,978	\$30,416	\$33,097	\$35,100	\$35,100
<b>Total Operating Expense</b>	<b>\$86,460</b>	<b>\$92,177</b>	<b>\$98,450</b>	<b>\$105,332</b>	<b>\$112,887</b>	<b>\$121,181</b>	<b>\$130,288</b>	<b>\$140,290</b>	<b>\$151,276</b>	<b>\$163,346</b>	<b>\$172,773</b>	<b>\$174,167</b>
<b>EBITDA</b>	<b>(\$121,813)</b>	<b>(\$117,499)</b>	<b>(\$113,279)</b>	<b>(\$109,159)</b>	<b>(\$105,147)</b>	<b>(\$101,933)</b>	<b>(\$99,292)</b>	<b>(\$96,829)</b>	<b>(\$94,557)</b>	<b>(\$92,469)</b>	<b>(\$85,917)</b>	<b>(\$68,600)</b>
<b>EBITDA %</b>	<b>-45%</b>	<b>-41%</b>	<b>-37%</b>	<b>-34%</b>	<b>-31%</b>	<b>-28%</b>	<b>-26%</b>	<b>-24%</b>	<b>-22%</b>	<b>-20%</b>	<b>-17%</b>	<b>-13%</b>
<b>Other Income/Expense</b>												
Depreciation & Amortization	(\$128,021)	(\$129,667)	(\$131,443)	(\$133,360)	(\$135,433)	(\$137,678)	(\$140,112)	(\$142,925)	(\$146,174)	(\$149,921)	(\$153,702)	(\$156,509)
Taxes	\$0	\$0	(\$131,443)	(\$133,360)	(\$135,433)	(\$137,678)	(\$140,112)	(\$142,925)	(\$146,174)	(\$149,921)	(\$153,702)	(\$156,509)
<b>Total Other Income/Expense</b>	<b>(\$128,021)</b>	<b>(\$129,667)</b>	<b>(\$131,443)</b>	<b>(\$133,360)</b>	<b>(\$135,433)</b>	<b>(\$137,678)</b>	<b>(\$140,112)</b>	<b>(\$142,925)</b>	<b>(\$146,174)</b>	<b>(\$149,921)</b>	<b>(\$153,702)</b>	<b>(\$156,509)</b>
<b>Net Income</b>	<b>(\$249,834)</b>	<b>(\$247,166)</b>	<b>(\$244,722)</b>	<b>(\$242,519)</b>	<b>(\$240,580)</b>	<b>(\$239,611)</b>	<b>(\$239,404)</b>	<b>(\$239,755)</b>	<b>(\$240,731)</b>	<b>(\$242,410)</b>	<b>(\$239,618)</b>	<b>(\$225,109)</b>
<b>Capital Expenditure</b>												
Base CO Deployment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nodes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Success Based Capex	\$79,819	\$85,657	\$92,079	\$99,143	\$106,913	\$115,460	\$124,862	\$135,204	\$146,581	\$159,095	\$168,440	\$168,440
IT Systems & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Capital Expenditure</b>	<b>\$79,819</b>	<b>\$85,657</b>	<b>\$92,079</b>	<b>\$99,143</b>	<b>\$106,913</b>	<b>\$115,460</b>	<b>\$124,862</b>	<b>\$135,204</b>	<b>\$146,581</b>	<b>\$159,095</b>	<b>\$168,440</b>	<b>\$168,440</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>(\$201,632)</b>	<b>(\$203,156)</b>	<b>(\$205,357)</b>	<b>(\$208,301)</b>	<b>(\$212,060)</b>	<b>(\$217,393)</b>	<b>(\$224,154)</b>	<b>(\$232,034)</b>	<b>(\$241,139)</b>	<b>(\$251,584)</b>	<b>(\$254,357)</b>	<b>(\$237,040)</b>
<b>Cumulative Cash Flow</b>	<b>(\$11,394,348)</b>	<b>(\$11,597,504)</b>	<b>(\$11,802,862)</b>	<b>(\$12,011,163)</b>	<b>(\$12,223,223)</b>	<b>(\$12,440,616)</b>	<b>(\$12,664,770)</b>	<b>(\$12,896,804)</b>	<b>(\$13,137,941)</b>	<b>(\$13,389,525)</b>	<b>(\$13,643,882)</b>	<b>(\$13,880,922)</b>



**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
	Mo. 31	Mo. 32	Mo. 33	Mo. 34	Mo. 35	Mo. 36	Mo. 37	Mo. 38	Mo. 39	Mo. 40	Mo. 41	Mo. 42
Number of Markets	4	4	4	4	4	4	4	4	4	4	4	4
Number of Interconnected Partners	20	20	20	20	20	21	21	21	21	21	21	22
Beginning of Period Installed Lines	9,008	9,646	10,273	10,890	11,497	12,095	12,682	13,280	13,829	14,388	14,838	15,281
New Installed Lines	780	780	780	780	780	780	780	780	780	680	680	680
Churn	142	153	163	173	183	193	202	211	221	230	237	244
End Of Period Installed Lines	9,646	10,273	10,890	11,497	12,095	12,682	13,260	13,829	14,388	14,838	15,281	15,716
<b>Revenue</b>												
Installation	\$76,240	\$76,240	\$76,240	\$76,240	\$76,240	\$76,240	\$76,240	\$76,240	\$76,240	\$68,320	\$68,320	\$68,320
DSL Revenue	\$381,723	\$403,375	\$424,684	\$445,655	\$466,293	\$486,604	\$506,593	\$526,264	\$545,624	\$561,618	\$577,360	\$592,855
Interconnection Revenue	\$62,794	\$63,422	\$64,056	\$64,697	\$65,344	\$65,997	\$66,657	\$67,324	\$67,997	\$68,677	\$69,364	\$70,057
<b>Total Revenue</b>	<b>\$520,757</b>	<b>\$543,037</b>	<b>\$564,980</b>	<b>\$586,592</b>	<b>\$607,877</b>	<b>\$628,841</b>	<b>\$649,490</b>	<b>\$669,828</b>	<b>\$689,861</b>	<b>\$698,614</b>	<b>\$715,043</b>	<b>\$731,232</b>
<b>Network Expense</b>												
Loop Start-up	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$48,400	\$42,400
Inside Wiring & Testing	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240	\$60,320	\$60,320	\$60,320
Recurring Loop Cost	\$61,967	\$65,423	\$68,824	\$72,171	\$75,466	\$78,708	\$81,899	\$85,040	\$88,131	\$90,693	\$93,215	\$95,698
Transport/Interconnection	\$88,483	\$88,774	\$89,068	\$89,366	\$89,666	\$89,969	\$90,275	\$90,584	\$90,896	\$91,211	\$91,530	\$91,852
Cable Rent & Power	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760	\$85,760
Node Fees	\$15,280	\$15,283	\$15,286	\$15,290	\$15,293	\$15,296	\$15,299	\$15,302	\$15,306	\$15,309	\$15,312	\$15,315
<b>Total Network Expenses</b>	<b>\$368,130</b>	<b>\$371,880</b>	<b>\$375,579</b>	<b>\$379,226</b>	<b>\$382,824</b>	<b>\$386,372</b>	<b>\$389,873</b>	<b>\$393,326</b>	<b>\$396,732</b>	<b>\$385,693</b>	<b>\$388,537</b>	<b>\$391,345</b>
<b>Gross Margin</b>	<b>\$152,627</b>	<b>\$171,157</b>	<b>\$189,402</b>	<b>\$207,365</b>	<b>\$225,053</b>	<b>\$242,469</b>	<b>\$259,617</b>	<b>\$276,502</b>	<b>\$293,129</b>	<b>\$312,921</b>	<b>\$326,506</b>	<b>\$339,888</b>
<b>Operating Expense by Department</b>												46%
Provisioning	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$54,400	\$54,400	\$54,400
Field Operations	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800
Billings	\$5,787	\$6,164	\$6,534	\$6,898	\$7,257	\$7,609	\$7,956	\$8,297	\$8,633	\$8,903	\$9,168	\$9,430
Sales	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$27,200	\$27,200	\$27,200
Customer Service	\$11,575	\$12,328	\$13,068	\$13,797	\$14,514	\$15,218	\$15,912	\$16,594	\$17,265	\$17,805	\$18,337	\$18,860
Marketing	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$27,200	\$27,200	\$27,200
<b>Total Operating Expense</b>	<b>\$154,962</b>	<b>\$156,092</b>	<b>\$157,202</b>	<b>\$158,295</b>	<b>\$159,370</b>	<b>\$160,428</b>	<b>\$161,468</b>	<b>\$162,491</b>	<b>\$163,498</b>	<b>\$148,308</b>	<b>\$149,105</b>	<b>\$149,890</b>
<b>EBITDA</b>	<b>(\$2,335)</b>	<b>\$15,066</b>	<b>\$32,199</b>	<b>\$49,070</b>	<b>\$65,683</b>	<b>\$82,041</b>	<b>\$98,149</b>	<b>\$114,011</b>	<b>\$129,631</b>	<b>\$164,613</b>	<b>\$177,401</b>	<b>\$189,998</b>
<b>EBITDA %</b>	<b>0%</b>	<b>3%</b>	<b>6%</b>	<b>8%</b>	<b>11%</b>	<b>13%</b>	<b>15%</b>	<b>17%</b>	<b>19%</b>	<b>24%</b>	<b>25%</b>	<b>26%</b>
<b>Other Income/Expense</b>												
Depreciation & Amortization	(\$159,316)	(\$162,124)	(\$164,931)	(\$167,738)	(\$170,546)	(\$173,353)	(\$176,160)	(\$178,968)	(\$181,775)	(\$182,045)	(\$184,502)	(\$186,959)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Income/Expense</b>	<b>(\$159,316)</b>	<b>(\$162,124)</b>	<b>(\$164,931)</b>	<b>(\$167,738)</b>	<b>(\$170,546)</b>	<b>(\$173,353)</b>	<b>(\$176,160)</b>	<b>(\$178,968)</b>	<b>(\$181,775)</b>	<b>(\$182,045)</b>	<b>(\$184,502)</b>	<b>(\$186,959)</b>
<b>Net Income</b>	<b>(\$161,652)</b>	<b>(\$147,056)</b>	<b>(\$132,732)</b>	<b>(\$118,668)</b>	<b>(\$104,863)</b>	<b>(\$91,312)</b>	<b>(\$78,012)</b>	<b>(\$64,957)</b>	<b>(\$52,144)</b>	<b>(\$17,432)</b>	<b>(\$7,101)</b>	<b>\$3,039</b>
<b>Capital Expenditure</b>												
Base CO Deployment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nodes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Success Based Capex	\$168,440	\$168,440	\$168,440	\$168,440	\$168,440	\$168,440	\$168,440	\$168,440	\$168,440	\$147,440	\$147,440	\$147,440
IT Systems & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Capital Expenditure</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$168,440</b>	<b>\$147,440</b>	<b>\$147,440</b>	<b>\$147,440</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>(\$170,775)</b>	<b>(\$153,374)</b>	<b>(\$136,241)</b>	<b>(\$119,370)</b>	<b>(\$102,757)</b>	<b>(\$86,399)</b>	<b>(\$70,291)</b>	<b>(\$54,429)</b>	<b>(\$38,809)</b>	<b>\$17,173</b>	<b>\$29,961</b>	<b>\$42,558</b>
<b>Cumulative Cash Flow</b>	<b>(\$14,051,697)</b>	<b>(\$14,205,072)</b>	<b>(\$14,341,312)</b>	<b>(\$14,460,682)</b>	<b>(\$14,563,440)</b>	<b>(\$14,649,839)</b>	<b>(\$14,720,130)</b>	<b>(\$14,774,559)</b>	<b>(\$14,813,368)</b>	<b>(\$14,796,195)</b>	<b>(\$14,766,234)</b>	<b>(\$14,723,676)</b>





**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	Q1'00	Q2'00	Q3'00	Q4'00	Q1'01	Q2'01	Q3'01	Q4'01
	Qtr.-2	Qtr.-1	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Qtr.5	Qtr.6
Number of Markets	0	0	2	3	4	4	4	4
Number of Interconnected Partners	0	0	10	15	16	16	17	17
Beginning of Period Installed Lines	0	0	0	287	689	1,185	1,754	2,425
New Installed Lines	0	0	291	421	533	630	759	931
Churn	0	0	4	18	38	61	88	121
End Of Period Installed Lines	0	0	287	689	1,185	1,754	2,425	3,236
<b>Revenue</b>								
Installation	\$0	\$0	\$57,010	\$86,891	\$107,026	\$116,634	\$129,422	\$146,442
DSL Revenue	\$0	\$0	\$26,836	\$84,151	\$153,754	\$234,204	\$320,550	\$417,395
Interconnection Revenue	\$0	\$0	\$56,430	\$134,123	\$145,227	\$157,249	\$170,267	\$184,363
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$140,276</b>	<b>\$305,165</b>	<b>\$406,007</b>	<b>\$508,087</b>	<b>\$620,239</b>	<b>\$748,200</b>
<b>Network Expense</b>								
Loop Start-up	\$0	\$0	\$24,913	\$36,547	\$45,990	\$53,268	\$62,956	\$75,850
Inside Wiring & Testing	\$0	\$0	\$41,385	\$61,859	\$77,026	\$86,634	\$99,422	\$116,442
Recurring Loop Cost	\$0	\$0	\$5,321	\$17,323	\$32,307	\$48,673	\$66,450	\$86,254
Transport/Interconnection	\$0	\$0	\$100,637	\$202,377	\$270,520	\$310,253	\$317,614	\$317,614
Collo Rent & Power	\$0	\$0	\$128,640	\$206,360	\$268,000	\$317,580	\$321,600	\$321,600
Node Fees	\$0	\$0	\$24,182	\$42,955	\$47,521	\$57,060	\$57,096	\$57,132
<b>Total Network Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$325,076</b>	<b>\$567,420</b>	<b>\$741,363</b>	<b>\$873,468</b>	<b>\$922,343</b>	<b>\$974,892</b>
<b>Gross Margin</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$184,801)</b>	<b>(\$262,255)</b>	<b>(\$335,356)</b>	<b>(\$365,381)</b>	<b>(\$302,104)</b>	<b>(\$226,692)</b>
<b>Operating Expense by Department</b>								
Provisioning	\$0	\$0	\$29,050	\$42,054	\$53,319	\$63,024	\$75,941	\$93,133
Field Operations	\$0	\$0	\$13,200	\$25,200	\$39,600	\$47,600	\$48,000	\$48,000
Billings	\$0	\$0	\$531	\$1,642	\$3,044	\$4,674	\$6,579	\$8,861
Sales	\$0	\$0	\$14,525	\$21,027	\$26,660	\$31,512	\$37,970	\$46,567
Customer Service	\$0	\$0	\$796	\$2,463	\$4,567	\$7,011	\$9,868	\$13,291
Marketing	\$0	\$0	\$14,525	\$21,027	\$26,660	\$31,512	\$37,970	\$46,567
<b>Total Operating Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,627</b>	<b>\$113,412</b>	<b>\$153,850</b>	<b>\$185,332</b>	<b>\$216,329</b>	<b>\$256,419</b>
<b>EBITDA</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$257,428)</b>	<b>(\$375,667)</b>	<b>(\$415,403)</b>	<b>(\$451,701)</b>	<b>(\$489,206)</b>	<b>(\$518,574)</b>
<b>EBITDA %</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-184%</b>	<b>-123%</b>	<b>-102%</b>	<b>-89%</b>	<b>-79%</b>	<b>-69%</b>
<b>Other Income/Expense</b>								
Depreciation & Amortization	\$0	\$0	(\$121,379)	(\$237,386)	(\$267,612)	(\$287,904)	(\$326,681)	(\$347,308)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Income/Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$121,379)</b>	<b>(\$237,386)</b>	<b>(\$267,612)</b>	<b>(\$287,904)</b>	<b>(\$326,681)</b>	<b>(\$347,308)</b>
<b>Net Income</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$378,806)</b>	<b>(\$613,052)</b>	<b>(\$683,014)</b>	<b>(\$739,605)</b>	<b>(\$815,887)</b>	<b>(\$865,882)</b>
<b>Capital Expenditure</b>								
Base CO Deployment	\$0	\$0	\$1,708,095	\$1,024,857	\$1,366,476	\$455,492	\$0	\$0
Nodes	\$0	\$0	\$880,000	\$440,000	\$440,000	\$0	\$0	\$0
Success Based Capex	\$0	\$0	\$68,255	\$99,927	\$125,891	\$146,270	\$173,396	\$209,500
IT Systems & Engineering	\$0	\$0	\$600,000	\$600,000	\$60,000	\$60,000	\$30,000	\$30,000
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,656,350</b>	<b>\$1,564,784</b>	<b>\$1,992,367</b>	<b>\$661,762</b>	<b>\$203,396</b>	<b>\$239,500</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,513,778)</b>	<b>(\$2,540,451)</b>	<b>(\$2,481,572)</b>	<b>(\$1,212,475)</b>	<b>(\$721,829)</b>	<b>(\$722,612)</b>
<b>Cumulative Cash Flow</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,513,778)</b>	<b>(\$6,054,228)</b>	<b>(\$8,536,801)</b>	<b>(\$9,748,276)</b>	<b>(\$10,470,105)</b>	<b>(\$11,192,716)</b>



**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	Q1'02	Q2'02	Q3'02	Q4'02	Q1'03	Q2'03	Q3'03	Q4'03
	Qtr. 7	Qtr. 8	Qtr. 9	Qtr. 10	Qtr. 11	Qtr. 12	Qtr. 13	Qtr. 14
Number of Markets	4	4	4	4	4	4	4	4
Number of Interconnected Partners	18	18	19	19	20	21	21	22
Beginning of Period Installed Lines	3,236	4,234	5,485	7,076	9,008	10,890	12,682	14,388
New Installed Lines	1,160	1,465	1,870	2,295	2,340	2,340	2,340	2,040
Churn	162	214	279	363	458	548	634	711
End Of Period Installed Lines	4,234	5,485	7,076	9,008	10,890	12,682	14,388	15,716
<b>Revenue</b>								
Installation	\$152,187	\$179,324	\$215,445	\$253,345	\$228,720	\$228,720	\$228,720	\$204,960
DSL Revenue	\$528,890	\$660,536	\$619,631	\$1,011,735	\$1,209,783	\$1,398,552	\$1,578,481	\$1,731,833
Interconnection Revenue	\$179,663	\$193,855	\$201,651	\$207,761	\$190,272	\$196,038	\$201,978	\$208,098
<b>Total Revenue</b>	<b>\$860,740</b>	<b>\$1,033,715</b>	<b>\$1,236,726</b>	<b>\$1,472,841</b>	<b>\$1,628,775</b>	<b>\$1,823,309</b>	<b>\$2,009,179</b>	<b>\$2,144,890</b>
<b>Network Expense</b>								
Loop Start-up	\$83,711	\$104,270	\$131,634	\$160,346	\$145,200	\$145,200	\$145,200	\$127,200
Inside Wiring & Testing	\$125,187	\$152,324	\$186,445	\$226,345	\$204,720	\$204,720	\$204,720	\$180,960
Recurring Loop Cost	\$98,010	\$121,922	\$150,652	\$185,184	\$196,214	\$226,345	\$255,069	\$279,606
Transport/Interconnection	\$288,444	\$291,113	\$293,863	\$296,697	\$266,326	\$269,000	\$271,755	\$274,593
Collo Rent & Power	\$289,440	\$289,440	\$289,440	\$257,280	\$257,280	\$257,280	\$257,280	\$257,280
Node Fees	\$51,451	\$51,484	\$51,516	\$51,548	\$45,850	\$45,878	\$45,907	\$45,936
<b>Total Network Expenses</b>	<b>\$936,243</b>	<b>\$1,010,553</b>	<b>\$1,105,550</b>	<b>\$1,209,561</b>	<b>\$1,115,590</b>	<b>\$1,148,423</b>	<b>\$1,179,931</b>	<b>\$1,165,575</b>
<b>Gross Margin</b>	<b>(\$75,503)</b>	<b>\$23,162</b>	<b>\$131,176</b>	<b>\$263,280</b>	<b>\$513,186</b>	<b>\$674,887</b>	<b>\$829,248</b>	<b>\$979,315</b>
<b>Operating Expense by Department</b>								
Provisioning	\$104,415	\$131,827	\$166,312	\$206,595	\$187,200	\$187,200	\$187,200	\$163,200
Field Operations	\$43,200	\$43,200	\$43,200	\$43,200	\$38,400	\$38,400	\$38,400	\$38,400
Billings	\$9,324	\$12,110	\$15,639	\$20,054	\$18,465	\$21,764	\$24,886	\$27,501
Sales	\$62,207	\$65,913	\$84,156	\$103,297	\$93,600	\$93,600	\$93,600	\$81,600
Customer Service	\$15,734	\$20,436	\$26,391	\$33,842	\$36,971	\$43,529	\$49,772	\$55,002
Marketing	\$52,207	\$65,913	\$84,156	\$103,297	\$93,600	\$93,600	\$93,600	\$81,600
<b>Total Operating Expense</b>	<b>\$277,087</b>	<b>\$339,400</b>	<b>\$421,854</b>	<b>\$510,286</b>	<b>\$468,256</b>	<b>\$478,093</b>	<b>\$487,457</b>	<b>\$447,303</b>
<b>EBITDA</b>	<b>(\$543,098)</b>	<b>(\$550,713)</b>	<b>(\$543,816)</b>	<b>(\$530,958)</b>	<b>(\$518,433)</b>	<b>(\$506,265)</b>	<b>(\$494,482)</b>	<b>(\$463,111)</b>
EBITDA %	-63%	-53%	-44%	-36%	-32%	-28%	-25%	-23%
<b>Other Income/Expense</b>								
Depreciation & Amortization	(\$366,636)	(\$361,537)	(\$359,688)	(\$360,687)	(\$364,075)	(\$367,874)	(\$371,895)	(\$376,162)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Income/Expense</b>	<b>(\$366,636)</b>	<b>(\$361,537)</b>	<b>(\$359,688)</b>	<b>(\$360,687)</b>	<b>(\$364,075)</b>	<b>(\$367,874)</b>	<b>(\$371,895)</b>	<b>(\$376,162)</b>
<b>Net Income</b>	<b>(\$909,734)</b>	<b>(\$912,250)</b>	<b>(\$903,504)</b>	<b>(\$891,644)</b>	<b>(\$882,508)</b>	<b>(\$874,139)</b>	<b>(\$866,377)</b>	<b>(\$859,273)</b>
<b>Capital Expenditure</b>								
Base CO Deployment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nodes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Success Based Capex	\$257,555	\$321,516	\$406,647	\$495,975	\$505,320	\$505,320	\$505,320	\$442,320
IT Systems & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Capital Expenditure</b>	<b>\$257,555</b>	<b>\$321,516</b>	<b>\$406,647</b>	<b>\$495,975</b>	<b>\$505,320</b>	<b>\$505,320</b>	<b>\$505,320</b>	<b>\$442,320</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>(\$610,145)</b>	<b>(\$637,754)</b>	<b>(\$697,326)</b>	<b>(\$742,980)</b>	<b>(\$460,391)</b>	<b>(\$308,527)</b>	<b>(\$163,529)</b>	<b>\$89,692</b>
<b>Cumulative Cash Flow</b>	<b>(\$11,802,862)</b>	<b>(\$12,440,616)</b>	<b>(\$13,137,941)</b>	<b>(\$13,880,922)</b>	<b>(\$14,341,312)</b>	<b>(\$14,649,839)</b>	<b>(\$14,813,368)</b>	<b>(\$14,723,676)</b>



**NorthPoint**  
**Tennessee Application for CPCN**  
**Income Statement**

	2000			2001			2002			2003		
	Yr. 1	Yr. 2	Yr. 3	Yr. 1	Yr. 2	Yr. 3	Yr. 1	Yr. 2	Yr. 3	Yr. 1	Yr. 2	Yr. 3
Number of Markets	3	4	4	3	4	4	3	4	4	3	4	4
Number of Interconnected Partners	15	17	19	15	17	19	15	17	19	15	17	19
Beginning of Period Installed Lines	0	689	3,236	0	689	3,236	0	689	3,236	0	689	3,236
New Installed Lines	711	2,854	6,791	711	2,854	6,791	711	2,854	6,791	711	2,854	6,791
Churn	22	308	1,018	22	308	1,018	22	308	1,018	22	308	1,018
End Of Period Installed Lines	689	3,236	9,008	689	3,236	9,008	689	3,236	9,008	689	3,236	9,008
<b>Revenue</b>												
Installation	\$143,900	\$499,524	\$800,301	\$143,900	\$499,524	\$800,301	\$143,900	\$499,524	\$800,301	\$143,900	\$499,524	\$800,301
DSL Revenue	\$110,987	\$1,125,903	\$3,020,791	\$110,987	\$1,125,903	\$3,020,791	\$110,987	\$1,125,903	\$3,020,791	\$110,987	\$1,125,903	\$3,020,791
Interconnection Revenue	\$190,554	\$657,107	\$782,930	\$190,554	\$657,107	\$782,930	\$190,554	\$657,107	\$782,930	\$190,554	\$657,107	\$782,930
<b>Total Revenue</b>	<b>\$445,440</b>	<b>\$2,282,534</b>	<b>\$4,604,022</b>	<b>\$445,440</b>	<b>\$2,282,534</b>	<b>\$4,604,022</b>	<b>\$445,440</b>	<b>\$2,282,534</b>	<b>\$4,604,022</b>	<b>\$445,440</b>	<b>\$2,282,534</b>	<b>\$4,604,022</b>
<b>Network Expense</b>												
Loop Start-up	\$61,459	\$238,063	\$479,961	\$61,459	\$238,063	\$479,961	\$61,459	\$238,063	\$479,961	\$61,459	\$238,063	\$479,961
Inside Wiring & Testing	\$103,243	\$379,524	\$692,301	\$103,243	\$379,524	\$692,301	\$103,243	\$379,524	\$692,301	\$103,243	\$379,524	\$692,301
Recurring Loop Cost	\$22,643	\$233,684	\$555,769	\$22,643	\$233,684	\$555,769	\$22,643	\$233,684	\$555,769	\$22,643	\$233,684	\$555,769
Transport/Interconnection	\$303,014	\$1,213,206	\$1,170,117	\$303,014	\$1,213,206	\$1,170,117	\$303,014	\$1,213,206	\$1,170,117	\$303,014	\$1,213,206	\$1,170,117
Collo Rent & Power	\$335,000	\$1,228,780	\$1,157,760	\$335,000	\$1,228,780	\$1,157,760	\$335,000	\$1,228,780	\$1,157,760	\$335,000	\$1,228,780	\$1,157,760
Node Fees	\$67,136	\$218,809	\$205,999	\$67,136	\$218,809	\$205,999	\$67,136	\$218,809	\$205,999	\$67,136	\$218,809	\$205,999
<b>Total Network Expenses</b>	<b>\$892,496</b>	<b>\$3,512,066</b>	<b>\$4,261,907</b>	<b>\$892,496</b>	<b>\$3,512,066</b>	<b>\$4,261,907</b>	<b>\$892,496</b>	<b>\$3,512,066</b>	<b>\$4,261,907</b>	<b>\$892,496</b>	<b>\$3,512,066</b>	<b>\$4,261,907</b>
<b>Gross Margin</b>	<b>(\$447,056)</b>	<b>(\$1,229,533)</b>	<b>\$342,114</b>	<b>(\$447,056)</b>	<b>(\$1,229,533)</b>	<b>\$342,114</b>	<b>(\$447,056)</b>	<b>(\$1,229,533)</b>	<b>\$342,114</b>	<b>(\$447,056)</b>	<b>(\$1,229,533)</b>	<b>\$2,996,635</b>
<b>Operating Expense by Department</b>												
Provisioning	\$71,104	\$285,418	\$611,148	\$71,104	\$285,418	\$611,148	\$71,104	\$285,418	\$611,148	\$71,104	\$285,418	\$611,148
Field Operations	\$38,400	\$183,200	\$172,800	\$38,400	\$183,200	\$172,800	\$38,400	\$183,200	\$172,800	\$38,400	\$183,200	\$172,800
Billings	\$2,173	\$23,158	\$57,127	\$2,173	\$23,158	\$57,127	\$2,173	\$23,158	\$57,127	\$2,173	\$23,158	\$57,127
Sales	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574
Customer Service	\$3,259	\$34,737	\$96,403	\$3,259	\$34,737	\$96,403	\$3,259	\$34,737	\$96,403	\$3,259	\$34,737	\$96,403
Marketing	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574	\$35,552	\$142,709	\$305,574
<b>Total Operating Expense</b>	<b>\$186,039</b>	<b>\$811,930</b>	<b>\$1,548,627</b>	<b>\$186,039</b>	<b>\$811,930</b>	<b>\$1,548,627</b>	<b>\$186,039</b>	<b>\$811,930</b>	<b>\$1,548,627</b>	<b>\$186,039</b>	<b>\$811,930</b>	<b>\$1,548,627</b>
<b>EBITDA</b>	<b>(\$633,094)</b>	<b>(\$2,041,463)</b>	<b>(\$1,206,512)</b>	<b>(\$633,094)</b>	<b>(\$2,041,463)</b>	<b>(\$1,206,512)</b>	<b>(\$633,094)</b>	<b>(\$2,041,463)</b>	<b>(\$1,206,512)</b>	<b>(\$633,094)</b>	<b>(\$2,041,463)</b>	<b>\$1,115,526</b>
<b>EBITDA %</b>	<b>-142%</b>	<b>-89%</b>	<b>-26%</b>	<b>-142%</b>	<b>-89%</b>	<b>-26%</b>	<b>-142%</b>	<b>-89%</b>	<b>-26%</b>	<b>-142%</b>	<b>-89%</b>	<b>15%</b>
<b>Other Income/Expense</b>												
Depreciation & Amortization	(\$358,765)	(\$1,428,455)	(\$1,684,946)	(\$358,765)	(\$1,428,455)	(\$1,684,946)	(\$358,765)	(\$1,428,455)	(\$1,684,946)	(\$358,765)	(\$1,428,455)	(\$2,088,417)
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Income/Expense</b>	<b>(\$358,765)</b>	<b>(\$1,428,455)</b>	<b>(\$1,684,946)</b>	<b>(\$358,765)</b>	<b>(\$1,428,455)</b>	<b>(\$1,684,946)</b>	<b>(\$358,765)</b>	<b>(\$1,428,455)</b>	<b>(\$1,684,946)</b>	<b>(\$358,765)</b>	<b>(\$1,428,455)</b>	<b>(\$2,088,417)</b>
<b>Net Income</b>	<b>(\$991,859)</b>	<b>(\$3,469,918)</b>	<b>(\$2,891,458)</b>	<b>(\$991,859)</b>	<b>(\$3,469,918)</b>	<b>(\$2,891,458)</b>	<b>(\$991,859)</b>	<b>(\$3,469,918)</b>	<b>(\$2,891,458)</b>	<b>(\$991,859)</b>	<b>(\$3,469,918)</b>	<b>(\$972,892)</b>
<b>Capital Expenditure</b>												
Base CO Deployment	\$2,732,952	\$1,821,968	\$0	\$2,732,952	\$1,821,968	\$0	\$2,732,952	\$1,821,968	\$0	\$2,732,952	\$1,821,968	\$0
Nodes	\$1,320,000	\$440,000	\$0	\$1,320,000	\$440,000	\$0	\$1,320,000	\$440,000	\$0	\$1,320,000	\$440,000	\$0
Success Based Capex	\$168,182	\$655,057	\$1,481,693	\$168,182	\$655,057	\$1,481,693	\$168,182	\$655,057	\$1,481,693	\$168,182	\$655,057	\$1,958,280
IT Systems & Engineering	\$1,200,000	\$180,000	\$0	\$1,200,000	\$180,000	\$0	\$1,200,000	\$180,000	\$0	\$1,200,000	\$180,000	\$0
<b>Total Capital Expenditure</b>	<b>\$5,421,134</b>	<b>\$3,097,025</b>	<b>\$1,481,693</b>	<b>\$5,421,134</b>	<b>\$3,097,025</b>	<b>\$1,481,693</b>	<b>\$5,421,134</b>	<b>\$3,097,025</b>	<b>\$1,481,693</b>	<b>\$5,421,134</b>	<b>\$3,097,025</b>	<b>\$1,958,280</b>
<b>Net Cash Flow From Operations, CAPX</b>	<b>(\$6,054,228)</b>	<b>(5,138,488)</b>	<b>(2,688,205)</b>	<b>(\$6,054,228)</b>	<b>(5,138,488)</b>	<b>(2,688,205)</b>	<b>(\$6,054,228)</b>	<b>(5,138,488)</b>	<b>(2,688,205)</b>	<b>(\$6,054,228)</b>	<b>(5,138,488)</b>	<b>(842,754)</b>
<b>Cumulative Cash Flow</b>	<b>(\$6,054,228)</b>	<b>(\$11,192,716)</b>	<b>(\$13,880,922)</b>	<b>(\$6,054,228)</b>	<b>(\$11,192,716)</b>	<b>(\$13,880,922)</b>	<b>(\$6,054,228)</b>	<b>(\$11,192,716)</b>	<b>(\$13,880,922)</b>	<b>(\$6,054,228)</b>	<b>(\$11,192,716)</b>	<b>(\$14,723,676)</b>



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CASH FLOW STATEMENT

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00
Net income	0	0	0	0	0	0	(84,677)	(136,766)	(157,364)	(185,877)	(205,524)	(221,652)
Depreciation & Amortization	0	0	0	0	0	0	22,318	44,788	54,273	71,136	80,716	85,534
CAPX	0	0	0	0	0	0	(1,339,098)	(1,348,188)	(569,064)	(1,011,809)	(574,827)	(578,148)
Change in working capital	0	0	0	0	0	0	173,092	80,693	36,278	39,273	26,245	29,975
Net cash flow from operations	0	0	0	0	0	0	(1,228,364)	(1,359,473)	(635,878)	(1,087,276)	(673,390)	(684,291)
Paid in capital (Corporate cash infusion)	0	0	0	0	0	0	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0
Debt	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative debt	0	0	0	0	0	0	0	0	0	0	0	0
Net cash on balance sheet	0	0	0	0	0	0	771,636	412,163	776,285	689,009	1,015,620	331,328



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**CASH FLOW STATEMENT**

	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01
Net income	(255,839)	(262,115)	(297,934)	(305,833)	(305,967)	(300,449)	(297,088)	(294,107)	(291,312)	(288,719)	(286,345)
Depreciation & Amortization	101,362	101,009	124,311	121,988	120,337	119,212	120,139	121,336	122,600	123,938	125,357
CAPX	(743,279)	(403,521)	(845,567)	(407,817)	(182,547)	(71,398)	(64,393)	(67,689)	(71,314)	(75,301)	(79,687)
Change in working capital	<u>50,083</u>	<u>16,313</u>	<u>37,203</u>	<u>28,074</u>	<u>702</u>	<u>(20,221)</u>	<u>(20,628)</u>	<u>(21,085)</u>	<u>(21,599)</u>	<u>(22,173)</u>	<u>(22,814)</u>
Net cash flow from operations	(847,673)	(548,313)	(981,986)	(563,588)	(367,475)	(272,856)	(261,970)	(261,546)	(261,625)	(262,256)	(263,489)
Paid in capital (Corporate cash infusion)	1,000,000	1,000,000	1,000,000	0	0	1,000,000	0	0	1,000,000	0	0
Debt	0	0	0	0	0	0	0	0	0	0	0
<i>Cumulative debt</i>	0	0	0	0	0	0	0	0	0	0	0
Net cash on balance sheet	483,655	935,342	953,356	389,767	22,292	749,436	487,466	225,921	964,295	702,039	438,550



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## Tennessee PSC - Application for CPCN

CASH FLOW STATEMENT

	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02
Net income	(284,209)	(249,834)	(247,166)	(244,722)	(242,519)	(240,580)	(239,611)	(239,404)	(239,755)	(240,731)	(242,410)	(239,618)
Depreciation & Amortization	126,867	128,021	129,667	131,443	133,360	135,433	137,678	140,112	142,925	146,174	149,921	153,702
CAPX	(84,512)	(79,819)	(85,657)	(92,079)	(99,143)	(106,913)	(115,460)	(124,862)	(135,204)	(146,581)	(159,095)	(168,440)
Change in working capital	(23,528)	(107,390)	(26,584)	(27,683)	(28,901)	(30,248)	(29,692)	(29,993)	(31,685)	(33,560)	(35,638)	(42,314)
Net cash flow from operations	(265,382)	(309,022)	(229,740)	(233,041)	(237,202)	(242,308)	(247,085)	(254,148)	(263,719)	(274,698)	(287,222)	(296,670)
Paid in capital (Corporate cash infusion)	0	1,000,000	0	0	0	1,000,000	0	0	0	1,000,000	0	0
Debt	0	0	0	0	0	0	0	0	0	0	0	0
<i>Cumulative debt</i>	0	0	0	0	0	0	0	0	0	0	0	0
Net cash on balance sheet	173,168	864,146	634,406	401,365	164,163	921,855	674,771	420,623	156,904	882,206	594,985	298,314



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CASH FLOW STATEMENT

	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03
Net income	(225,109)	(161,652)	(147,058)	(132,732)	(118,668)	(104,863)	(91,312)	(78,012)	(64,957)	(52,144)	(17,432)
Depreciation & Amortization	156,509	159,316	162,124	164,931	167,738	170,546	173,353	176,160	178,968	181,775	182,045
CAPX	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(168,440)	(147,440)
Change in working capital	(53,963)	(162,049)	(53,716)	(52,885)	(52,067)	(51,263)	(50,473)	(49,695)	(48,930)	(48,177)	(64,897)
Net cash flow from operations	(291,003)	(332,824)	(207,090)	(189,125)	(171,437)	(154,021)	(136,872)	(119,986)	(103,359)	(86,986)	(47,724)
Paid in capital (Corporate cash infusion)	0	1,000,000	0	0	0	1,000,000	0	0	0	0	0
Debt	0	0	0	0	0	0	0	0	0	0	0
Cumulative debt	0	0	0	0	0	0	0	0	0	0	0
Net cash on balance sheet	7,312	674,487	467,397	278,272	106,835	952,814	815,942	695,956	592,597	505,611	457,888



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## Tennessee PSC - Application for CPCN

CASH FLOW STATEMENT

	Nov-03	Dec-03	2000	2001	2002	2003
Net income	(7,101)	3,039	(991,859)	(3,469,918)	(2,891,458)	(972,892)
Depreciation & Amortization	184,502	186,959	358,765	1,428,455	1,684,946	2,088,417
CAPX	(147,440)	(147,440)	(5,421,134)	(3,097,025)	(1,481,693)	(1,958,280)
Change in working capital	(39,333)	(38,740)	385,557	(19,672)	(477,651)	(712,224)
Net cash flow from operations	(9,372)	3,818	(5,668,672)	(5,158,161)	(3,165,856)	(1,554,978)
Paid in capital (Corporate cash infusion)	0	0	6,000,000	5,000,000	3,000,000	2,000,000
Debt	0	0	0	0	0	0
<i>Cumulative debt</i>	0	0	0	0	0	0
Net cash on balance sheet	448,515	452,334	331,328	173,168	7,312	452,334





**NorthPoint  
Tennessee PSC - Application for CPCN**

**BALANCE SHEET:**

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00
Cash	-	-	-	-	-	-	771,636	412,163
A/R, Prepaids & Inventory	-	-	-	-	-	-	77,105	142,106
Capitalized Leases	-	-	-	-	-	-	-	-
Other PP&E	-	-	-	-	-	-	1,339,098	2,687,286
PP&E, Gross	-	-	-	-	-	-	1,339,098	2,687,286
Depreciation & Amortization	-	-	-	-	-	-	(22,318)	(67,106)
PP&E, Net	-	-	-	-	-	-	1,316,780	2,620,180
<b>Total Assets</b>	-	-	-	-	-	-	2,165,520	3,174,448
A/P and Accrued Liabilities	-	-	-	-	-	-	250,197	395,891
Debt	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-	-	-	250,197	395,891
Common Stock	-	-	-	-	-	-	2,000,000	3,000,000
Additional Paid in Capital (Corporate infusion)	-	-	-	-	-	-	(84,677)	(221,443)
Retained Earnings	-	-	-	-	-	-	1,915,323	2,778,557
<b>Total Shareholders' Equity</b>	-	-	-	-	-	-	2,165,520	3,174,448
<b>Total Liabilities and SHE</b>	-	-	-	-	-	-	-	-



**NorthPoint  
Tennessee PSC - Application for CPCN**

NorthPoint Confidential

**BALANCE SHEET:**

	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01
Cash	776,285	689,009	1,015,620	331,328	483,655	935,342	953,356	389,767
A/R, Prepaids & Inventory	201,616	272,772	304,425	338,297	374,340	404,075	439,606	473,066
Capitalized Leases Other PP&E	3,256,350	4,268,159	4,842,986	5,421,134	6,164,414	6,567,934	7,413,501	7,821,318
PP&E, Gross	3,256,350	4,268,159	4,842,986	5,421,134	6,164,414	6,567,934	7,413,501	7,821,318
Depreciation & Amortization	(121,379)	(192,515)	(273,231)	(358,765)	(460,127)	(561,135)	(685,446)	(807,434)
PP&E, Net	3,134,971	4,075,644	4,569,755	5,062,369	5,704,287	6,006,799	6,728,055	7,013,884
<b>Total Assets</b>	<b>4,112,873</b>	<b>5,037,425</b>	<b>5,889,799</b>	<b>5,731,994</b>	<b>6,562,282</b>	<b>7,346,216</b>	<b>8,121,016</b>	<b>7,876,717</b>
A/P and Accrued Liabilities	491,679	602,109	660,007	723,853	809,980	856,028	928,762	990,296
Debt	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>491,679</b>	<b>602,109</b>	<b>660,007</b>	<b>723,853</b>	<b>809,980</b>	<b>856,028</b>	<b>928,762</b>	<b>990,296</b>
Common Stock								
Additional Paid in Capital (Corporate infusion)	4,000,000	5,000,000	6,000,000	6,000,000	7,000,000	8,000,000	9,000,000	9,000,000
Retained Earnings	(378,806)	(564,683)	(770,207)	(991,859)	(1,247,698)	(1,509,812)	(1,807,746)	(2,113,579)
<b>Total Shareholders' Equity</b>	<b>3,621,194</b>	<b>4,435,317</b>	<b>5,229,793</b>	<b>5,008,141</b>	<b>5,752,302</b>	<b>6,490,188</b>	<b>7,192,254</b>	<b>6,886,421</b>
<b>Total Liabilities and SHE</b>	<b>4,112,873</b>	<b>5,037,425</b>	<b>5,889,799</b>	<b>5,731,994</b>	<b>6,562,282</b>	<b>7,346,216</b>	<b>8,121,016</b>	<b>7,876,717</b>



**NorthPoint  
Tennessee PSC - Application for CPCN**

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**BALANCE SHEET:**

	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
Cash	22,292	749,436	487,466	225,921	964,295	702,039	438,550	173,168
A/R, Prepaids & Inventory	507,664	543,532	580,812	619,659	660,247	702,763	747,413	794,425
Capitalized Leases	-	-	-	-	-	-	-	-
Other PP&E	8,003,866	8,075,263	8,139,657	8,207,346	8,278,659	8,353,961	8,433,648	8,518,160
PP&E, Gross	8,003,866	8,075,263	8,139,657	8,207,346	8,278,659	8,353,961	8,433,648	8,518,160
Depreciation & Amortization	(927,772)	(1,046,983)	(1,167,122)	(1,288,458)	(1,411,058)	(1,534,996)	(1,660,353)	(1,787,220)
PP&E, Net	7,076,094	7,028,280	6,972,535	6,918,888	6,867,601	6,818,965	6,773,294	6,730,940
<b>Total Assets</b>	7,606,050	8,321,248	8,040,812	7,764,467	8,492,143	8,223,766	7,959,257	7,698,532
A/P and Accrued Liabilities	1,025,597	1,041,244	1,057,896	1,075,658	1,094,647	1,114,989	1,136,825	1,160,309
Debt	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	1,025,597	1,041,244	1,057,896	1,075,658	1,094,647	1,114,989	1,136,825	1,160,309
Common Stock								
Additional Paid in Capital (Corporate Infusion)	9,000,000	10,000,000	10,000,000	10,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Retained Earnings	(2,419,547)	(2,719,996)	(3,017,084)	(3,311,191)	(3,602,503)	(3,891,223)	(4,177,568)	(4,461,777)
<b>Total Shareholders' Equity</b>	6,580,453	7,280,004	6,982,916	6,688,809	7,397,497	7,108,777	6,822,432	6,538,223
<b>Total Liabilities and SHE</b>	7,606,050	8,321,248	8,040,812	7,764,467	8,492,143	8,223,766	7,959,257	7,698,532
	-	-	-	-	-	-	-	-



**NorthPoint  
Tennessee PSC - Application for CPCN**

**BALANCE SHEET:**

	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02
Cash	864,146	634,406	401,365	164,163	921,855	674,771	420,623	156,904
A/R, Prepaids & Inventory	808,554	859,711	913,954	971,605	1,033,015	1,096,526	1,163,265	1,234,918
Capitalized Leases	-	-	-	-	-	-	-	-
Other PP&E	8,597,979	8,683,636	8,775,715	8,874,857	8,981,770	9,097,230	9,222,092	9,357,297
PP&E, Gross	8,597,979	8,683,636	8,775,715	8,874,857	8,981,770	9,097,230	9,222,092	9,357,297
Depreciation & Amortization	(1,915,241)	(2,044,908)	(2,176,351)	(2,309,711)	(2,445,145)	(2,582,823)	(2,722,935)	(2,865,860)
PP&E, Net	6,682,738	6,638,728	6,599,364	6,565,146	6,536,626	6,514,407	6,499,158	6,491,437
Total Assets	8,355,438	8,132,845	7,914,683	7,700,914	8,491,496	8,285,704	8,083,045	7,883,259
A/P and Accrued Liabilities	1,067,048	1,091,621	1,118,182	1,146,931	1,178,093	1,211,912	1,248,658	1,288,626
Debt	-	-	-	-	-	-	-	-
Total Liabilities	1,067,048	1,091,621	1,118,182	1,146,931	1,178,093	1,211,912	1,248,658	1,288,626
Common Stock	-	-	-	-	-	-	-	-
Additional Paid in Capital (Corporate infusion)	12,000,000	12,000,000	12,000,000	12,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Retained Earnings	(4,711,610)	(4,958,777)	(5,203,498)	(5,446,017)	(5,686,597)	(5,926,208)	(6,165,612)	(6,405,367)
Total Shareholders' Equity	7,288,390	7,041,223	6,796,502	6,553,983	7,313,403	7,073,792	6,834,388	6,594,633
Total Liabilities and SHE	8,355,438	8,132,845	7,914,683	7,700,914	8,491,496	8,285,704	8,083,045	7,883,259



**NorthPoint  
Tennessee PSC - Application for CPCN**

**BALANCE SHEET:**

	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03
Cash	882,206	594,985	298,314	7,312	674,487	467,397	278,272	106,835
A/R, Prepaids & Inventory	1,311,995	1,395,057	1,477,160	1,546,306	1,562,272	1,629,112	1,694,941	1,759,775
Capitalized Leases	-	-	-	-	-	-	-	-
Other PP&E	9,503,878	9,662,973	9,831,413	9,999,853	10,168,293	10,336,733	10,505,173	10,673,613
PP&E, Gross	9,503,878	9,662,973	9,831,413	9,999,853	10,168,293	10,336,733	10,505,173	10,673,613
Depreciation & Amortization	(3,012,034)	(3,161,955)	(3,315,657)	(3,472,166)	(3,631,482)	(3,793,606)	(3,958,537)	(4,126,275)
PP&E, Net	6,491,843	6,501,017	6,515,756	6,527,687	6,536,810	6,543,127	6,546,636	6,547,337
Total Assets	8,686,045	8,491,059	8,291,230	8,081,305	8,773,569	8,639,636	8,519,849	8,413,947
A/P and Accrued Liabilities	1,332,143	1,379,566	1,419,356	1,434,540	1,288,456	1,301,581	1,314,526	1,327,292
Debt	-	-	-	-	-	-	-	-
Total Liabilities	1,332,143	1,379,566	1,419,356	1,434,540	1,288,456	1,301,581	1,314,526	1,327,292
Common Stock	-	-	-	-	-	-	-	-
Additional Paid in Capital (Corporate infusion)	14,000,000	14,000,000	14,000,000	14,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Retained Earnings	(6,646,098)	(6,888,508)	(7,128,126)	(7,353,235)	(7,514,887)	(7,661,945)	(7,794,677)	(7,913,345)
Total Shareholders' Equity	7,353,902	7,111,492	6,871,874	6,646,765	7,485,113	7,338,055	7,205,323	7,086,655
Total Liabilities and SHE	8,686,045	8,491,059	8,291,230	8,081,305	8,773,569	8,639,636	8,519,849	8,413,947



**NorthPoint**  
Tennessee PSC - Application for CPCN

NorthPoint Confidential

**BALANCE SHEET:**

	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Cash	952,814	815,942	695,956	592,597	505,611	457,888	448,515	452,334
A/R, Prepaids & Inventory	1,823,630	1,886,523	1,948,469	2,009,484	2,069,584	2,095,843	2,145,130	2,193,697
Capitalized Leases	-	-	-	-	-	-	-	-
Other PP&E	10,842,053	11,010,493	11,178,933	11,347,373	11,515,813	11,663,253	11,810,693	11,958,133
PP&E, Gross	10,842,053	11,010,493	11,178,933	11,347,373	11,515,813	11,663,253	11,810,693	11,958,133
Depreciation & Amortization	(4,296,821)	(4,470,174)	(4,646,334)	(4,825,302)	(5,007,077)	(5,189,122)	(5,373,624)	(5,560,583)
PP&E, Net	6,545,232	6,540,319	6,532,598	6,522,071	6,508,736	6,474,131	6,437,069	6,397,549
<b>Total Assets</b>	9,321,676	9,242,783	9,177,023	9,124,152	9,083,931	9,027,862	9,030,714	9,043,580
A/P and Accrued Liabilities	1,339,884	1,352,304	1,364,555	1,376,641	1,388,563	1,349,926	1,359,880	1,369,707
Debt	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	1,339,884	1,352,304	1,364,555	1,376,641	1,388,563	1,349,926	1,359,880	1,369,707
Common Stock	-	-	-	-	-	-	-	-
Additional Paid in Capital (Corporate infusion)	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Retained Earnings	(8,018,208)	(8,109,520)	(8,187,532)	(8,252,489)	(8,304,633)	(8,322,064)	(8,329,166)	(8,326,127)
<b>Total Shareholders' Equity</b>	7,981,792	7,890,480	7,812,468	7,747,511	7,695,367	7,677,936	7,670,834	7,673,873
<b>Total Liabilities and SHE</b>	9,321,676	9,242,783	9,177,023	9,124,152	9,083,931	9,027,862	9,030,714	9,043,580



**NorthPoint**  
**TENNESSEE CPON APPLICATION**  
**ITEMIZED COSTS OF PROPOSED FACILITIES FOR TENNESSEE**

**I. Upfront Capital Cost Per Central Office (CO)**

**A. Space Facilities (Based on Bell South/NorthPoint Interconnection Agreement)**

<b>Tenant improvements</b>	
	Collocation application fee
	Collocation startup costs
	Office space tenant improvements
<b>Total Space/Facilities Cost</b>	
\$	7,000
\$	30,000
\$	5,000
<b>\$</b>	<b>42,000</b>

**B. CO Network Equipment (Based on negotiated rates with vendors, rounded to the nearest hundred)**

<b>Digital Subscriber Line Access Multiplexer (DSLAM)</b>	
	Base system (192 line capacity)
	Redundant DC Power Module
	SDSL Line cards (24 port)
	ISL line card (24 port)
	DS-3 FR/ATM WAN Module
	Rack Mount kit for CE200
	Tax & Shipping
<b>Total DSLAM cost</b>	
\$	5,000
\$	1,000
\$	10,000
\$	4,000
\$	5,000
\$	100
\$	1,600
<b>\$</b>	<b>26,700</b>

<b>Frame relay/ Node equipment</b>	
	DS3 FR Cards w/ Connector Panel
\$	5,000

<b>Network Test Equipment</b>	
	Remote Test Unit
	Stand Alone Config Option 97F
	Cable Kit
	Tax & Shipping
<b>Total Network Test Equipment</b>	
\$	800
\$	2,000
\$	1,000
\$	6,000

<b>Network Mgt. Equipment</b>	
	Terminal Server
	Shelf Space
	GDC Dual V.34 Card w/ Adapter
	GDC T1 DSU Card
	Fuse Panel
	DSX Chassis w/ 1 Module
<b>Total Network Mgmt Equipment</b>	
\$	4,000
\$	1,000
\$	1,200
\$	800
\$	500
\$	500
\$	500
<b>\$</b>	<b>8,000</b>

<b>Transport Equipment &amp; Line Startup Costs</b>	
	DS-3 non-recurring charge (1/CO)
	T1 FR Access
	POTS Circuits
<b>Total Transport Equipment</b>	
\$	400
\$	1,000
\$	1,000

<b>Other Network Equipment</b>	
	Collo Ironwork Equipment ( 6 Racks, Cable Ladders, Misc)
	Collo Ironwork Installation ( 6 Racks, Cable Ladders, Misc)
	Electronics Equipment Shipping & Staging
	Electronics Equipment Installation
	Misc. Cables, Parts etc.
	Shipping
<b>Total Other Network Equipment</b>	
\$	15,000
\$	200
\$	1,500
\$	3,000
\$	800
\$	5,000
\$	4,500

<b>Total Upfront Capital Cost Per Central Office</b>	<b>\$</b>
<b>109,100</b>	

NorthPoint plans to install equipments in approximately 40 Central Offices in Tennessee



NorthPoint  
TENNESSEE CFCN APPLICATION  
ITEMIZED COSTS OF PROPOSED FACILITIES FOR TENNESSEE

II. Upfront Capital Cost Per Node Site

A. Node Network Equipment (Based on negotiated rates with vendors, rounded to the nearest hundred)

Frame Relay/ Node Equipment	
Redundant Base Unit	\$
DS3 ATM Cards w/ Connector Panel	\$
DS3 FR Cards w/ Connector Panel	\$
BSTX 8000 Redundant base unit (ATM switch)	\$
DS3 ATM card for BSTX 8000	\$
T1 cards	\$
Customer Service Option	\$
Tax & Shipping	\$
Total DSLAM cost	\$
Network Mgt. Equipment	
Cisco 2522 Terminal Server	\$
Cisco 2511 Terminal Server	\$
USR Modem qty=2	\$
Prelude DSU	\$
Remote Power Control qty=5	\$
Cabletron Hub	\$
DSX Chassis circuit	\$
APC Smart UPS RM2200	\$
DTC ISDN NT1	\$
Tax & Shipping	\$
Total Network Mgmt Equipment	\$
Transport Equipment & Line Startup Costs	\$
DS-3 non-recurring charge (1/CO)	\$
T1 FR Access	\$
T1 FR Access for DEC Node	\$
T1 DSU for DEC Node	\$
POTS Circuits qty=4	\$
ISDN Circuit	\$
Total Transport Equipment	\$
Other Network Equipment	
Node Rack Installation	\$
Electronics Equipment Shipping & Staging	\$
Electronics Equipment Installation	\$
Misc. Cables, Parts etc.	\$
Shipping	\$
Total Other Network Equipment	\$
Total Network Equipment Cost	\$
Total Upfront Capital Cost Per Node Site	

NorthPoint plans to establish 4 node sites in Tennessee





NorthPoint  
TENNESSEE CPN APPLICATION  
ITEMIZED COSTS OF PROPOSED FACILITIES FOR TENNESSEE

III. Monthly Network Expense Assumptions:

A.	Non-Recurring Costs:	
	LEC loop startup fee (charge by BellSouth to NorthPoint)	300
	Inside Wiring + Install modem + Testing	250
	Total Non-Recurring Costs:	\$ 550
B.	Monthly Recurring Costs:	
	Local copper loop (BellSouth Zone 1)	

Per CO \$  
Per line 25

Backbone Transport	DS-3 from C.O. to node (SGAT pricing)	\$ 5,000
	56K Frame Relay CO Mgmt.	200
	POTS circuit from C.O. to NCC (retail pricing)	30
Total Backbone transport		\$ 5,230
Network Facility Rent & Power	Collocation rent & power	\$ 1,000
	Node rent & power	500
	Node connection charge per DS-3	200
Total Network Facility Rent & Power		\$ 1,700
Total Monthly Recurring Costs		\$ 6,930

NorthPoint hopes to install approximately 15,700 lines in Tennessee by the end of 2003.

Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-02
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	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00
Total Capex	\$0	\$0	\$0	\$0	\$0	\$0	\$1,339,098	\$1,348,188	\$569,064	\$1,011,809	\$574,827	\$578,148
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$22,318.30	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318
							\$22,469.80	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470
								\$9,484.40	\$9,484	\$9,484	\$9,484	\$9,484
									\$16,863.48	\$16,863	\$16,863	\$16,863
										\$9,580.46	\$9,580	\$9,580
											\$9,635.80	\$9,635.80

\$0	\$0	\$0	\$0	\$0	\$0	\$22,318	\$44,788	\$54,273	\$71,136	\$80,716	\$85,534
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	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
Total Capex	\$743,279	\$403,521	\$845,567	\$407,817	\$182,547	\$71,398	\$64,393	\$67,689	\$71,314	\$75,301	\$79,687	\$84,512
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318	\$22,318
	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470	\$22,470
	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484	\$9,484
	\$15,485	\$8,407	\$17,616	\$8,496	\$3,803	\$1,487	\$1,342	\$1,410	\$1,486	\$1,569	\$1,660	\$1,761
	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580	\$9,580
	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636	\$9,636
	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388	\$12,388
		\$6,725	\$6,725		\$6,725	\$6,725	\$6,725	\$6,725	\$6,725	\$6,725	\$6,725	\$6,725
			\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093	\$14,093
				\$6,797	\$6,797	\$6,797	\$6,797	\$6,797	\$6,797	\$6,797	\$6,797	\$6,797
					\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042
						\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190
							\$1,073	\$1,073	\$1,073	\$1,073	\$1,073	\$1,073
								\$1,128	\$1,128	\$1,128	\$1,128	\$1,128
									\$1,189	\$1,189	\$1,189	\$1,189
										\$1,255	\$1,255	\$1,255
											\$1,328	\$1,328
												\$1,409
	\$101,362	\$101,009	\$124,311	\$121,988	\$120,337	\$119,212	\$120,139	\$121,336	\$122,600	\$123,938	\$125,357	\$126,867

[illegible]

**Capex**

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# NorthPoint

## FY2000 Budget Assumptions

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00
# of Markets	0	0	0	0	0	0	0	0	0	0	0	0
# of New Markets	0	0	0	0	0	0	0	0	0	0	0	0
# of Interconnected Nodesites	0	0	0	0	0	0	0	0	0	0	0	0
# of Interconnected Partners	0	0	0	0	0	0	0	0	0	0	0	0
# of Secured CO	0	0	0	0	0	0	0	0	0	0	0	0
# of New Operating Physical COs	0	0	0	0	0	0	0	0	0	0	0	0
# of New Operating SCOPE COs	0	0	0	0	0	0	0	0	0	0	0	0
# of New Operating Virtual COs	0	0	0	0	0	0	0	0	0	0	0	0
# of Total New COs	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Physical COs	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating SCOPE COs	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Virtual COs	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating COs	0	0	0	0	0	0	0	0	0	0	0	0
# of New Installed Business SDSL Lines	0	0	0	0	0	0	0	0	0	0	0	0
# of New Installed Residential ADSL Lines	0	0	0	0	0	0	0	0	0	0	0	0
# of New Installed Residential IDSL Lines	0	0	0	0	0	0	0	0	0	0	0	0
Total New Installed Lines	0	0	0	0	0	0	0	0	0	0	0	0
BOP FY2000	0	0	0	0	0	0	0	0	0	0	0	0
EOP Installed Business Lines	0	0	0	0	0	0	0	0	0	0	0	0
EOP Installed Residential Lines	0	0	0	0	0	0	0	0	0	0	0	0
EOP Installed IDSL Lines	0	0	0	0	0	0	0	0	0	0	0	0
Total EOP Lines	0	0	0	0	0	0	0	0	0	0	0	0
Business Line Churn	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Consumer Line Churn	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
IDSL Line Churn	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Business SDSL ARPU	88	86	85	84	83	81	80	79	78	77	76	75
Consumer ADSL ARPU	34	33	33	33	33	32	32	32	31	31	31	31
Consumer IDSL ARPU	47	46	46	45	45	45	44	44	43	43	43	42
Blended ARPU	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Business SDSL Price Decay	1.25%	2.50%	3.75%	5.00%	6.25%	7.50%	8.75%	10.00%	11.25%	12.50%	13.75%	15.00%
Consumer ADSL Price Decay	0.83%	1.67%	2.50%	3.33%	4.17%	5.00%	5.83%	6.67%	7.50%	8.33%	9.17%	10.00%
Consumer IDSL Price Decay	0.83%	1.67%	2.50%	3.33%	4.17%	5.00%	5.83%	6.67%	7.50%	8.33%	9.17%	10.00%
ILCOM	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	12	9	8	7	7	6
Interconnection Revenue	2,500	2,542	2,584	2,627	2,671	2,716	2,761	2,807	2,854	2,902	2,950	3,000
Local Transport DS-3 Cost	2,000	1,975	1,963	1,950	1,938	1,926	1,914	1,902	1,890	1,878	1,867	1,855
Customer Interconnection Cost	2,000	1,975	1,963	1,950	1,938	1,926	1,914	1,902	1,890	1,878	1,867	1,855
Node Fees	5,000	4,977	4,955	4,932	4,909	4,886	4,864	4,841	4,818	4,795	4,773	4,750



# NorthPoint

## FY2000 Budget Assumptions

	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02
# of Markets	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
# of New Markets	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
# of Interconnected Nodesites	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
# of Interconnected Partners	15	16	16	16	16	16	16	17	17	17	17	17	17	18	18	18	18
# of Secured CO	33	33	35	38	40	40	40	40	40	40	40	40	40	40	40	40	40
# of New Operating Physical COs	6	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0
# of New Operating SCOPE COs	6	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0
# of New Operating Virtual COs	6	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0
# of Total New COs	6	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Physical COs	30	33	36	39	40	40	40	40	40	40	40	40	40	40	40	40	40
Total Operating SCOPE COs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Virtual COs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating COs	30	33	36	39	40	40	40	40	40	40	40	40	40	40	40	40	40
# of New Installed Business SDSL Lines	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
# of New Installed Residential ADSL Lines	89	97	107	118	130	143	157	173	190	209	230	253	278	306	336	370	407
# of New Installed Residential IDSL Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Installed Lines	169	177	187	198	210	223	237	253	270	289	310	333	358	386	416	450	487
BOP FY2000																	
EOP Installed Business Lines	393	468	542	616	688	759	830	900	968	1,036	1,103	1,169	1,235	1,299	1,363	1,426	1,488
EOP Installed Residential Lines	454	544	642	749	867	985	1,135	1,289	1,457	1,642	1,844	2,066	2,310	2,577	2,870	3,193	3,546
EOP Installed IDSL Lines	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total EOP Lines	847	1,012	1,185	1,365	1,555	1,754	1,965	2,188	2,425	2,678	2,947	3,236	3,545	3,876	4,234	4,619	5,035
Business Line Churn	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Consumer Line Churn	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
IDSL Line Churn	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Business SDSL ARPU	74	73	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Consumer ADSL ARPU	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31
Consumer IDSL ARPU	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
Blended ARPU	51	50	51	51	50	50	49	49	48	48	47	47	46	45	45	44	44
Business SDSL Price Decay	16.25%	17.50%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Consumer ADSL Price Decay	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Consumer IDSL Price Decay	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
ILCOM	6	5	5	5	5	6	6	6	7	7	8	8	9	10	10	11	12
Interconnection Revenue	3,050	3,101	3,152	3,205	3,259	3,313	3,368	3,425	3,482	3,540	3,599	3,659	3,720	3,782	3,846	3,910	3,975
Local Transport DS-3 Cost	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Customer Interconnection Cost	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Node Fees	4,751	4,752	4,753	4,754	4,755	4,756	4,757	4,758	4,759	4,760	4,761	4,762	4,763	4,764	4,765	4,766	4,767





# NorthPoint

## FY2000 Budget Assumptions

NorthPoint Confidential

### Revenue

<b>Business SDSL Lines</b>		
Installation	\$325 per EU	
CPE	\$339 per EU	
ARPU	\$90 per EU/Month	
<b>Consumer ADSL Lines</b>		
Installation	\$99 per EU	
CPE	\$99 per EU	
ARPU	\$34 per EU/Month	
<b>Consumer IDSL Lines</b>		
Installation	\$299 per EU	
CPE	\$199 per EU (NIC Cards)	
ARPU	\$47 per EU/Month	
<b>All Lines</b>		
Interconnection	\$2,500 per connected partner	
	1.67% monthly increase	
<b>Annual Price Decay/Churn</b>		
SDSL Lines	15%	
ADSL Lines	10%	
IDSL Lines	10%	
SDSL Churn	15%	1.3%
ADSL Churn	20%	1.7%
IDSL Churn	15%	1.3%

### Network Expense

<b>Business SDSL Lines</b>		
Loop Startup	\$100	
Inside Wiring	\$200	
CPE	\$311 60% take rate	
SDSL Loop	\$16	
<b>Consumer ADSL Lines</b>		
Loop Startup	\$75	
Inside Wiring	\$99	
CPE	\$200 60% take rate	
ADSL Loop	\$6	
<b>Consumer IDSL Lines</b>		
Loop Startup	\$100	
Inside Wiring	\$200	
CPE	\$311 60% take rate	
ADSL Loop	\$16	
<b>Local Transport (DS3 to node)</b>		
Intercity Transport (node to node)	\$2,000	
Rent & Power per CO	\$4,000	
Rent & Power per line	\$1,340	
Node Maintenance Fees	\$0.35	
Customer Interconnection	\$5,000	
Equipment Maintenance	\$2,000	

### Capital Expense

Capex per new node	\$440,000
Capex per CO (equipment)	\$68,873
Capex per new CO (space)	\$45,000
SDSL success based Capex	\$268
IDSL success based Capex	\$242
ADSL success based Capex	\$210

CPE router	370	65%
CPE bridges	200	35%
weighted average	311	
DS3 Price Decline	annual 7.50%	monthly 0.63%